GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:3409
ANSWERED ON:06.12.2016
Production Cost of Sugar
Puttaraju Shri C.S.;Sundaram Shri P.R.;Venugopal Dr. Ponnusamy

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government has imposed stock limits on sugar mills during the festival sesson till October end due to spiraline price of sugar and if so, the details thereof;
(b) whether this is the first time that the Government had imposed curbs on the Rs. 80000 crore sugar industry ever since it was partially decontrolled in 2013 and whether as per the decision, mills should not at the end of September, hold more than 37% of their total sugar available with them during the entire 2015-16 marketing year and if so, the details thereof;
(c) whether there is any requests and suggestions from various sugarcane farmers association and also from State Governments for the pricing policy on Sugar and sugar related products and if so, the list of measures taken by the Government in this regard;
(d) whether the Government has any proposal or request to increase the MRP for sugarcane in the country and if so, the details thereof and the measures taken by the Government to control and monitor the sale of sugar and sugar related products by multinational companies in India along with the steps taken to protect the interest of the small scale sugarcane farmers, vendors and traders; and
(e) the details of production cost of sugar in the country, State/UT-wise, indicating the State' where production cost is the highest?

Answer

MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)
(a) & (b): Stock holding limits were imposed for the first time on sugar mills since de-regulation of sugar sector directing them not to hold stock of sugar in excess of 37% and 24% of the total sugar available with them during 2015-16 sugar seasons; respectively for the months of September and October, 2016.
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(c): No, Madam. The Central Government has deregulated the sugar sector in April, 2013 by removing the levy obligation on sugar mills and dispensing with the regulated release mechanism of open market sale of sugar. Also prices of sugar and sugar related products are now market driven and not subject to any pricing policy of the Government.
(d): No, Madam. The Government has already fixed the Fair and Remunerative Prices (FRP) of sugarcane for the sugar season 2016-17 at Rs. 230 per quintal at basic recovery rate of 9.5%. The FRP is the minimum bench mark price below which sugar mills cannot purchase cane from the cane growers. As regards sale of sugar and sugar related products, it is market driven and independent of Government control.
(e): The production cost of sugar depends upon various factors like availability of adequate raw material, recovery from sugarcane, duration of the season, plant size, efficiency of plant, diversification of product mix, State Advised Price of sugarcane, cost of working capital, managerial efficiency etc. Therefore, the production cost varies from factory to factory as also from state to state. The Central Government does not maintain state wise cost of sugar production.
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